

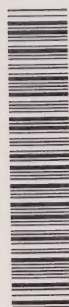
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national farmers union

In Union is Strength



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National Farmers Union

Submission

to the

Sub-Committee on Regulations and Competitiveness

of the

House of Commons Standing Committee on Finance

Ottawa, Ontario

September 16, 1992

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INTRODUCTION:

The National Farmers Union appreciates this invitation to discuss government regulatory review with members of the subcommittee on regulations and competitiveness of the House of Commons Finance Committee.

It is our understanding that Agriculture Canada is one of three departments undergoing review in this initial phase of government regulatory review, and that members of various regulatory review committees will be submitting reports to government with specific recommendations for regulatory change later this fall.

The National Farmers Union, therefore, regards this opportunity as very timely, and perhaps of crucial importance to the future of Canadian agriculture. Our organization is convinced that substantial increases in government regulatory programs are necessary to ensure a viable future for family farming in Canada.

By way of background information, our organization has already given input to the two committees overseeing the review of regulations pertaining to both the Grains and Oilseeds Branch and the Food Production and Inspection Division of Agriculture Canada. A brief was submitted to each steering committee. As well, the NFU participated in a two-hour round table discussion with members of the Grains and Oilseeds Steering Committee in Regina on August 20.

Although we will try to focus on the overall government strategy to increase industry competitiveness through regulatory review, we will restate examples

and current issues from our previous submissions to illustrate the importance of specific recommendations regarding government regulations we have made.

REGULATORY REVIEW AND THE DIRECTION OF FEDERAL AGRI-FOOD POLICY:

The Agri-food vision embodied in the federal agricultural policy statement "Growing Together" does not offer the kinds of policies and programs needed to increase the competitiveness and viability of Canadian farmers and rural communities. It promotes rationalization, privatization, and trade liberalization of agricultural products. Farmers are only too aware, however, that there are no clauses in any trade agreement signed by the Government of Canada which ensures fair production returns to primary producers.

The National Farmers Union regards the entire expenditure of time and expense to squeeze a few more efficiencies out of an already depleted regulatory system as totally misguided. The criteria for review clearly seeks to find alternatives to regulation and reduce government cost. In other words, the orientation in the regulatory review method is essentially an extensive hunt for new efficiencies. Increased efficiencies usually translate into fewer services, and farmers simply cannot afford to suffer the loss of more valued programs and services.

The National Farmers Union deeply regrets the lack of government action for family farming and national food security. Subsidies to farmers are really subsidies to food processors and retailers, who continue to expand and profit from agribusiness while farmers continue to go out of business. Sensible regulatory reform represents an opportunity for the government to put some teeth into the promise to protect and enhance farming and rural community life within Canada. To support farmers by regulating to ensure a basic level of disease protection, market return, and equitable service programs does not so much represent a preferential treatment of poor farmers as a necessary direction which must be followed to deal with the environmental damage from monocultural food production techniques and technologies.



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Environmental concerns alone should warrant immediate legislative and administrative steps to promote the development of more family farms; farms which rely on small-scale diversified and sustainable practices. This is not happening. Despite a deskful of worse-case scenarios and recommendations concerning the existing and potential damage to the environment from monocultural farming, the government continues to implement domestic policy reforms and sign international trade agreements which further fuel existing trends to more large-scale highly-rationalized, monocultural farm businesses designed to produce high volumes of specific commodities for the export market.

International trade pressures are, therefore, prompting rapid domestic agriculture reforms as the government attempts to "position" Canadian agriculture for the global market. Together these current trends are rapidly and radically altering Canadian agriculture. More concretely, what the government's agri-food strategy has brought, and will continue to bring, is an increase in the degree of commodity concentration within Canadian regions; increasing corporate concentration within commodities, and more and more monocultural farming which relies on expensive capital inputs and costly technology.

With so many harmful policy initiatives and program cuts occurring, it is difficult for our members to have faith that the government will not, in the final analysis, regard this regulatory review as simply another opportunity to bring Canadian agriculture more in line with the agri-food strategy for more self-reliance through privatization measures and deregulation.

The National Farmers Union believes that increased corporate concentration in the agri-food industry and the accelerating rate of family farm and rural community decline must be arrested. The statistics make it clear that the open market dynamics inherent in trade liberalization of agricultural products will bring increasing competitiveness and corporate acquisition and will continue to drive down both farm and processing labour rates as well as farm gate prices to farmers. The end result will be more farm financial stress and general economic decline within rural communities. The National Farmers Union, therefore, urges the government to

implement regulatory change that will put policies and programs in place to protect and sustain family farms.

REGULATORY COMPLIANCE WITH INTERNATIONAL TRADE AGREEMENTS:

There is a move to increase harmonization of regulatory standards with our trading partners through trade agreements such as the CUSTA and NAFTA. This has been stated as one of the criteria for the regulatory review. As well, the Action '91 report to the Canadian Agricultural Research Council (CARC) on technology transfer calls the government to make regulations "flexible" to achieve harmonization of regulatory standards. One of the report's recommendations reads:

CASCC should request the federal government to expedite the harmonization of regulations pertaining to food products and processing methods among provinces and with major trading partners. [p. 28]

Clauses in the Canada-U.S. Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA) are already making it very difficult for us to restrict export of our resources, even though for conservation purposes that may be desirable. As well, there are clearly inequities resulting from government actually subsidizing our competitors by allowing food imports which have either not been graded or that have been grown in other countries which allow chemicals Canadian farmers are rightly forbidden to use, due to systemic toxicity or pesticidal residues. Although very little of what comes into Canada from the U.S. is actually tested by Agriculture Canada, of the amounts tested last year, an unmistakable trend emerged. The Annual Report on Chemical and Biological Testing of Agri-food Commodities During the Fiscal Year 1990/91, reports higher rates of chemical residues and bacteria in food imports than in domestic. These are competitive disadvantages to Canadian farmers that regulatory changes could alleviate. One direction the government must consider is to begin negotiations with our trading partners to establish minimal acceptable plant health standards and protocols. Without such agreements, forces in a deregulated global marketplace will drive standards downward.

If regulatory harmonization is to be negotiated, then the Canadian government must insist on higher minimum standards to ensure quality and healthy food. This basic environmental protection is not present in the North American Free Trade Agreement, but allows Mexico, the U.S. and Canada to establish whatever health and safety standards they choose.

To suggest that consumer awareness will keep sufficient pressure on processors, distributors and retailers to ensure that foods on store shelves are of good quality and safe is simply ridiculous. Canadians are routinely misinformed or simply left uninformed about the quality and ingredients of the food they purchase.

There is obviously a too relaxed regulatory enforcement policy with respect to food labelling. Food retailers are not required, for example, to inform customers whether the meat in the cooler is uninspected American no-roll beef, or whether the chickens on sale were pumped full of hormones to speed growth so much that the bird's skeleton collapsed under the weight.

The current moves to bring about the interprovincial transfer of farm quota under supply management programs will lead to the consolidation of quota and commodity in particular provinces and regions. This is but one example of radical changes now being drafted in response to pressure from liberalizing trade agreements which have not yet even been ratified! Is the government's commitment to supply-managed agriculture intact when they liberalize quota transfer from within on the domestic front at the same time as removing possibilities for new marketing boards under the terms of the NAFTA on the international front? Whether it's the forced program by the Ontario government to legislate a mandatory farm check-off or the lifting of milk quota ceilings by P.E.I.'s Milk Marketing Board despite over 90% of dairy farmers opposing such a move, our members see the same anti-democratically imposed restructuring of agriculture undermining our family farms.

THE CRITERIA AND GOALS OF REGULATORY REVIEW:

There is increasing awareness among Canadians that government has a key role to play in ensuring that economic decisions can often have major impacts on environmental and socio-economic life. Regulations are in the first place meant to ensure that health, environmental, and social values and objectives which are important to Canadians are protected.

The National Farmers Union, therefore, regards the competitiveness criteria for the current regulatory review as both inadequate and intrinsically dangerous, and makes the following recommendations:

- * That the government adopt additional criteria other than those designed to increase competitiveness which protect and enhance other human and social values which are 'non-negotiable'; and
- * That the government reject any cost/benefit analysis for evaluating the merit of health and safety regulations which fails to factor in long-term negative health and environmental impacts.

Government must accept the fact that many regulations may not bring about an immediate economic competitive advantage for all stake-holders in the agri-food industry. It is the collective benefits of many regulations over the long term which increase competitive advantage. In some cases what is required is a refocusing of resources to respond to situations such as disease outbreaks that will perhaps prevent a catastrophe from occurring in terms of crop destruction. To have qualified personnel ready for such situations may seem like a regulatory inefficiency, but that opinion could soon change given a sudden disease outbreak.

Other situations will require additional regulations and expenditure, such as the imminent release of genetically-manipulated microorganisms into the food system and environment. We will discuss this important issue in more detail later in this presentation.

Concern for the environment should be the driving force for change leading to new regulatory programs and supports to Canadian agriculture. The alarming rate of ground water contamination from chemical fertilizers and farm

pesticides, the depletion and erosion of choice Canadian topsoil, and the increasing acquisition of Canadian assets and resources by foreign corporations represent but three areas needing immediate regulatory attention.

Family farming and viable rural communities are at risk of becoming extinct. Canadian farmers are under attack from within and without. Trade liberalization, trade-distorting export subsidies by supposedly friendly trading partners, Agriculture Canada budget cuts, below cost-of-production returns to farmers year after year, and now the proposed removal of import barriers under NAFTA will all contribute to a worsening of the already alarming statistics which define the current state of crisis in Canadian farming and food production. This is neither belly-aching nor fear-mongering. It is an unfortunate conclusion arrived at by those who have examined or experienced the trends and policies within the industry.

For the Canadian government not to use every legal regulatory and legislative means to support farmers in the face of trade disagreements and a completely distorted international market is unacceptable given the repeated promises to protect family farms and enhance the viability of rural communities across the country.

How severe is the hurt being experienced by farmers? In 1991 farmers earned more from off-farm income than they received from farm sales. This should be viewed as an intolerable situation by the government, and every action should be taken to rectify it by implementing policies and programs to ensure a cost-of-production return to farmers. This financial torture has over time resulted in fewer and fewer farmers, but by far the greatest rate of loss in the individual and family farm category has happened in the last five-year census period.

THE ACCELERATING RATE OF DECLINE IN THE NUMBERS OF FAMILY FARMS:

The 280,043 census farms counted in Canada in 1991 represented a 24% decline since 1971. This figure, however, includes all farms, including over 4,000 non-

family corporate farms. The real decline in individual and family farms is actually much worse than is obvious at first glance. Consider the following data:

	CENSUS YEAR				
	1971	1976	1981	1986	1991
Individual or Family Farms	336,159	311,609	275,779	240,942	177,695

Canada has lost 158,464 individual or family farms in the twenty-year period from 1971 to 1991. That's just about 1/2 of the individual or family-owned and operating farms still viable in 1971!

The statistics not only reveal constantly diminishing numbers of individual or family farms, when we examine the numbers more closely it become clear that the rate at which farms have been disappearing is steadily accelerating over time.

<u>Time Period</u>	<u>Number of Farms Lost</u>	<u>% of farms lost during this period</u>
From 1971 to 1976	24,550	7.30%
From 1976 to 1981	35,830	11.49%
From 1981 to 1986	34,837	12.63%
From 1986 to 1991	63,247	26.24%

The fewer the farms remaining, the faster these remaining farms are disappearing. If Canada continues to lose farms at the same accelerating rate of increase as has occurred from 1981 to 1991, then the 177,695 individual and family farms reporting in the 1991 farm census will be further reduced to less than half of that number, merely 96,843 individual or family farms in a little over three years from now!

REGULATORY CHANGE AND THE FUTURE OF FAMILY FARMS:

Will increasing the viability of family farms be a special consideration or objective of government regulatory reform? Will changes in regulations and support programs increase the financial burden already on the backs of farm families? Will mandatory research check-offs be legislated? Will inspection services provided by the federal government be contracted out to the private sector with full cost-recovery from farmers? Or will regulations be strengthened or designed anew to encourage trends based on a vision of agriculture based on the model of many diversified and sustainable family farms.

These are basic questions which the government must address before implementing regulatory change affecting farming and the Canadian food industry.

The government has spoken favourably of increased foreign trade of Canadian farm products and increasing foreign investment within the Canadian economy. This is dishonest. These economic indicators tell us only that we are restructuring our domestic economy more in terms of what we have historically witnessed in third world countries suffering perpetual poverty and underdevelopment: namely, an export-oriented economy with increasing foreign takeover of national resources.

Canadian-based value-added processing is increasingly being owned and controlled by foreign corporations, not Canadians. For example, Investment Canada has recently released the cumulative results for the first seven years of its existence: 93.2 % of all foreign investment was for takeovers of 4,515 companies. Only 6.8 % of the \$155.817 billion total was for new business investment.

Despite the loss so many farms, the amount of farming which is being done has actually increased. In 1991, Canada's total land in crops was 83 million acres, an increase of 20% since 1971. Obviously, with the drop in the numbers of farmers and the increase in the amount of farming it is obvious that there has been a concentration of land ownership in the hands of fewer farmers. Since 1971 we have

witnessed a phenomenal growth in the size of farms. The number of "non-family" corporations increased from 942 in 1971 to 4,035 in 1991, as did the number of "bigger" farms--there are 8,542 more farms with 16,000 acres or more in 1991 than existed in 1971. One has only to examine the statistics regarding the concentration of particular farm commodities to grasp the far-reaching impacts of these Agri-food trends:

The total number of farms reporting dairy cows in Canada dropped 73%, from 145 thousand in 1971 to 39 thousand in 1991.

The number of farms reporting pigs in Canada dropped 76% from 122 thousand in 1971 to only 30 thousand in 1991.

The number of farms reporting laying hens in Canada fell 72%, from 100 thousand to 28 thousand.

Statistics indicate that we are moving in a direction away from a sustainable vision of Canadian agriculture. The vision of agriculture the government is attempting to implement will increasingly leave farmers to fend for themselves against the open-market forces. This competitive approach will further accelerate the degree of monocultural concentration within Canadian farming.

The National Farmers Union is convinced that agriculture under the rules and structures of an international market is the wrong direction for Canadian Agriculture.

Given the current context, the government has a clear public duty to base regulatory change on objectives other the stated intention to increase the competitiveness of the agri-food industry.

INCREASING COMPETITIVENESS THROUGH A MORE EQUITABLE SHARING OF THE CANADIAN FOOD DOLLAR:

If increasing the competitive advantage of farmers is at least one aspect of the hoped-for outcome of regulatory review, it may be important to explore other means of doing this through legislated changes that would see a more equitable share

of the Canadian food dollar go to the farmers who make the greatest investment and take the greatest risks. A report earlier this year by Hon. Ralph Ferguson points out that food distributors are reaping nearly 17 per cent on invested capital, compared with just over 6 per cent return to farmers, and that's even without their own labour factored into the equation. The food distribution and retailing sector represents approx 23.5 per cent of the \$194 billion Canadian retail market. Total retail sales from the food industry in Canada for 1990 topped \$42 billion.

Mr. Ferguson points to the degree of concentration and control in food retail food sales as the primary obstacle to a more equitable return to farmers. At the national level, five big grocery organizations control 69 per cent of food sales. Two companies control 86 per cent of food stores in the three Prairie provinces; five companies control over 80 percent of the food stores in Ontario; two companies control 78% of the stores in Quebec; and the situation is similar in Atlantic Canada.

Concentration of market power at the distributive level means that farmers are under constant pressure to lower their prices below the cost of production. Regulatory and legislative change that would bring about a more equitable distribution of the consumer food dollar should be regarded by government as a priority to increase the competitiveness of farmers.

DEREGULATION OF THE AGRI-FOOD SECTOR WILL WEAKEN INDUSTRY:

In a presentation to your committee, Hon. Bill McKnight cautioned that the government should move slowly to deregulate the food industry. The National Farmers Union rejects the notion that any amount of deregulation will increase the competitiveness of Canadian farmers. If inspection and grading regulations are allowed to be monitored by industry, then we are likely to see a marked drop in the competitive advantage our superior regulatory standards and trusted grades have brought for Canadian farmers.

If we can rely on recent news reports, then it is clear that self-regulation of the U.S. food industry is not a regulatory model worthy of emulation. One article

with the headline, "US food inspection system derided in GAO Report," explains that the General Accounting Office of the U.S. government found that the [US] Commerce Department Agency that grades seafood did not notify FDA, which regulates seafood processing plants, that 131 plants failed the commerce department inspections and were denied grading. Whereas Industrial factories that process seafood (which are under FDA's purview) are inspected about once every three to five years.

More importantly, however, is the increasing need for monitoring of new technologies and products which are increasingly being utilized to increase crop yields and animal growth rates.

REGULATING NEW TECHNOLOGIES TO INCREASE YIELDS AND ANIMAL GROWTH:

With declining support for extensive use of external inputs into food production such as chemical fertilizer and pesticides, there is an increasing interest in exploiting biological processes themselves. There is more and more manipulation of animal and plant biology with new technologies and products designed to increase crop yields and animal growth rates. The more that chemicals, hormones and new biotechnological processes are used to boost productivity or accentuate certain traits, the more it becomes necessary to increase regulatory supervision of these practices to ensure health and safety.

Reflect for a moment on some of the unwelcome side-effects high-tech has brought to farming. Professor Steven Leeson of the Department of Animal and Poultry Science at the University of Guelph raises serious questions about the health and welfare of our modern Canadian chicken industry in his article in the Journal of Agricultural and Environmental Ethics. He tells us that professionals have refined genetics, diets and housing to the point where today's chickens can hit market weight (2.2 kilograms) within 42 days of hatching, eating less than four kilograms of feed. But he is quick to add that there are concerns. As he puts it:

Some consumers worry about the pharmaceuticals that are put into chicken feed to boost growth rates and feed efficiency by five to seven per cent. Chickens can grow so fast these days that they literally outgrow their bone structure.

It seems that for nearly every technological boost or short-cut which has been discovered to increase yields, shorten growing seasons, or boost growth rates, there are disadvantages discovered only after the technology has received regulatory approval and has become entrenched in the industry. The Veterinary Infectious Disease Organization in Saskatoon, for example, found that vaccinating cattle with modified live virus vaccines increased the animals susceptibility to bacterial infection as demonstrated by an increase in respiratory diseases. (Kitchener Waterloo, June 22, 92). Clearly continuous monitoring and study of new technologies is necessary if these kinds of problems are to be detected or assessed properly on an ongoing basis.

DECREASING GOVERNMENT SUPPORT FOR RESEARCH:

If ever there was a time for increased government support for primary producers that time is now. And yet, we continually hear news of is further reductions in services and programs. The National Farmers Union is convinced that additional reductions in public spending on agriculture through privatization will in no way increase competitive advantage and seriously threatens our industry.

The Action '91 report to the Canadian Agricultural Research Council views the diminishing amount of agricultural research funding by the federal government as unfortunate. Compared to other Western industrialized nations, Canada has an embarrassing record indeed. The ratio of Gross Expenditure on Research and Development (GERD) to Gross Domestic Product (GDP) is used extensively for international comparisons. For technologically advanced countries and sectors within them, the desired ratio is considered to be in the 2.5 to three percent range. Using the estimated GDP figure of \$52 billion for the total agri-food industry in Canada, and the \$560 million for GERD, the Canadian ratio is 1.1 per cent.

The report also notes that there is widespread agreement on the need to stop the current erosion in public research funding. The current trend undermines the competitiveness and sustainability of Canadian agriculture. Having made this observation, the report goes on to map out a strategy based on the belief that

additional government funding is not likely to occur. The answer to this dilemma? Increased involvement by the corporate sector through "partnerships".

Agriculture Canada has recently been given yet another budget reduction target representing as much as 5% of annual budget allocation. This is only one of many recent efforts to down-size Agriculture Canada regulation and inspection services and programs. The heads of eleven major branches of Agriculture Canada received a memo from Jean-Jacques Noreau, Deputy Minister of Agriculture, instructing them to submit recommendations for treasury board on how to further narrow research work now being done by 3,300 people employed with Agriculture Canada. Agriculture Canada senior personnel were cited as having indicated at the time that they are looking at privatizing or turning over more research to provincial governments. As well, they are seeking to trim off functions among the more than 4,000 people who regulate and monitor plant and animal safety. Media reports indicated that about two thirds of the 1,200 or so positions in the Grains and Oilseeds Branch are being reviewed. These reductions are irresponsible!

The National Farmers Union has had an opportunity to see how poor regulation and management of a plant health issue can hurt farmers through the investigation of, and continuing involvement in, the infamous PVYn potato crisis. We assure you our members have felt the effects of seriously inadequate regulatory control and a completely bungled response from Agriculture Canada. Constant concern to limit resources seriously compromised the scientific integrity of the plant health protocols that were put in place to deal with the problem of PVYn. A number of measures that had been previously agreed to by the Canada-U.S. joint panel were later abandoned by Agriculture Canada, even when doing so violated the agreement with the U.S. that would allow for a lifting of the U.S. ban on PEI potatoes. The reason given for the decision to modify the eradication program was that it would cost too much money to do what was first agreed to. When it was shortly thereafter determined that a single scientist succeeded in misdiagnosing PEI's entire potato crop by misreading disease symptoms on tobacco plants, farmer's hopes of an open U.S. border for the fall of 92 were destroyed. Our efforts to bring about a fair resolution of this regrettable situation are continuing.

The fact that so few scientists were involved in the government's efforts to bring about a plant health resolution of the problem clearly points to the unacceptable budgetary restraints and diminished resources within Agriculture Canada. The National Farmers Union believes there is an important lesson to be learned from the PVYn scandal and, therefore, makes the following recommendation:

That the government implement regulatory changes under the current review process to allocate sufficient resources to ensure catastrophes such as the PVYn crisis never again thrust Canadian farmers into such a debilitating state of competitive disadvantage.

And because basic agricultural services and regulatory programs benefit all Canadians, we further recommend:

That the government not undertake regulatory changes or implement legislation which gives organizations and/or agencies the right to collect mandatory research check-offs from farmers.

REGULATING GENETICALLY ENGINEERED MICROORGANISMS AND PLANTS:

The government's current agri-food strategy predicts and supports the imminent introduction of genetically-engineered microorganisms and plant varieties into the food system and environment. Although there has been a lot of genetic research in the last couple of decades, it is only quite recently that scientists have begun to ready genetically-manipulated organisms to be used for commercial gain. There are approximately 50 field trials of genetically-engineered plants this year. The first product predicted to be on the market by the end of 1993 is a genetically-engineered tomato in the United States. This biotechnological revolution in agriculture is sure to raise questions and concerns as people become increasingly aware of what is being unleashed on the world. The response at this point is unpredictable.

Just last week an incident occurred in the Netherlands which could be of relevance to Canadian Agriculture. The headline of the article read, "Genetically-altered crops ruined by radical environmentalists." Experimental plots of genetically manipulated crops were destroyed by protesters who believe the government is ignoring the environmental risks in a blind rush to promote biotech. Citizens should

be concerned. Especially in view of the fact that the desired outcome of much genetic manipulation is to increase production and profits. Monsanto corporation, for example, is currently developing a Russet Burbank Potato line which uses a gene from a soil bacterium to produce a protein which is toxic to the Colorado Potato Beetle. Both Monsanto and Hoechst are developing Canola lines with resistance to specific herbicides. As biotechnologists attempt to replace chemical toxins with systemically-produced toxins from organisms, there is special reason to proceed with extreme caution in this uncharted new territory, because with a government strategy to transfer research to the private sector, there is an accompanying transfer of control which decides both the purpose and end use of research.

In North America, chemical companies have proprietary rights which eliminates the public's right to know results of toxicity testing and the contents of pesticides. For example, the so-called "inert" part of many chemicals can contain recycled hazardous waste without any label as to what the inert portion of the chemicals actually contain. The Environmental Protection Agency confirmed that hazardous waste could be used as "inert" ingredients in pesticides in 1991.

Strict labelling legislation must be assured to fully inform Canadians of all genetically-manipulated microorganisms or products they could expect to digest in their food. The consumer has a right to know the chemical and biotechnological ingredients in food, however unappetizing they may be.

We are only now realizing the phenomenal negative impacts of thousands of chemical compounds haphazardly released into the environment under regulatory approval of the government. The combined reactions and environmental impact of over 6,500 pesticides currently registered for use in Canada is not and cannot be fully known. Although the scientific and medical links are often still not clear, the fact remains that cancer rates of all types are increasing at an alarming pace--the CBC National News recently reported 1 in 3 Canadians will get cancer, 1 in four Canadians will die from cancer.

The National Farmers Union, therefore, stresses that the variables for mutation and untested biological interaction from the introduction of thousands of new genetically-manipulated microorganisms, animal and plants into our food system and environment has the potential to be far more lethal than negative impacts from the chemical revolution. In terms of the move to regulatory harmonization with the U.S., we must recognize that there will be considerable pressure to follow the path of the U.S. regarding how to regulate genetically-manipulated organisms and plants. In June, 1992, the U.S. food and Drug Administration decided that no special regulations will be needed for the approval of genetically engineered foods. Nor will such products need to bear labels saying "with added genes" or some such identifying information (Economist, June 5, 1992). As for the Canadian industry, we are years away from being ready to monitor and test new microorganisms in that we have not yet even developed sufficient technologies to identify and discriminate minute microscopic alterations.

The 1988 report, "Release of Genetically-Engineered microorganisms into the Environment," prepared under contract to the Pesticides Directorate and Feed and Fertilizer Division of the Food Production and Inspection Branch of Agriculture Canada is informative on this matter. The objective of the study was to provide a working document as background to the development of guidelines for regulation of biotechnology products under the Pest Control Products Act and Fertilizers Act. Several statements are worth citing:

Regulations for releasing GEM's [Genetically Engineered Microorganisms] into the open environment should proceed cautiously at first in order to ensure the proper development and application of testing protocols, and until a sufficient body of experience and data are gathered to establish standards and nature of information needed to evaluate a product to arrive at a decision on its safety.

One basic requirement upon which any testing and evaluation protocol must depend are diagnostic tools capable of providing clear, unambiguous identification of the new organisms to be released. But this is problematic at the molecular level. As the author of the report notes:

Unfortunately, the distinct characteristics used to classify microorganisms into genus and species blur as more isolates are characterized, such that it becomes evident that there are no "true species" of microorganisms separated by sharp divisions of characteristics, but

rather a spectrum-like relationship of strains which are subtly different from one another. Thus the current identification techniques fail in providing sufficient information to determine the true relatedness and phylogeny between microorganisms. Therefore, when a microorganism is identified by classical techniques, the identification may not provide sufficient information to predict the behaviour of a microorganism, in terms of environmental impact and health concerns, or the identification may not positively identify the microorganism present in the environment as the same one released. (p. 3.2)

The agri-food industry is poised to move from the research and development stage to full-scale release of engineered products into the environment even though sufficient technology does not yet exist to properly identify, monitor and study what is being released. Will the Canadian government follow the lead of the U.S. in trusting the industry to submit some technical information and assurances of safety? Or will the government show leadership in undertaking rigorous testing, monitoring and regulatory supervision of biotechnological products?

Currently there are no Canadian regulations suited to deal with genetically-manipulated substances in a satisfactory manner. The food & Drug regulations have recently been amended to include a milk coagulating enzyme called "chymosin" derived from a genetically-engineered microorganism. Because the product is an enzyme--and not a living organism--it makes some sense to view this as a food additive like other food additives. It is interesting in the announcement of the amendment in the Canada Gazette Part II, vol. 126, no. 9, that the government mentions that the U.S. Food and Drug Administration (FDA) is amending its regulations to affirm that the use of chymosin derived by fermentation from a genetically manipulated microorganism is "generally recognized as safe."

How will the government establish guidelines and testing protocols to deal with the oncoming wave of genetically-engineered life forms? The regulators have made a start. In an August 5, 1992 Information Letter from the Health Protection Branch of Health and Welfare Canada outlines the regulatory "pre-market clearance procedure" to be followed prior to the release of novel food products into the general food supply and environment. As the Newsletter notes,

Developments in food science and technology have produced, and will continue to produce a range of non-traditional foods and non-traditional processes for which there are, currently, no specific regulatory requirements. For example, the application of genetic modification techniques to starter culture microorganisms allows a more precise and rapid

development of novel microorganisms that may be used in food (e.g. cheese and yoghurt) and food processing (e.g. beer and wine production).

Although the Information letter states that "guidelines and criteria have recently been drafted for the safety assessment of genetically-manipulated modified microorganisms and plants," these regulations have not yet been finalized and made public. The fact remains, however, that government needs to increase resources to position itself to deal with health and safety issues arising from these new technologies.

THE COST OF SUSTAINABLE AGRICULTURE:

With growing recognition that the drive to increase production through high doses of chemical inputs and/or biotechnology is fraught with risk to human health and environmental sustainability, talk has rightly turned to alternative farming strategies. The Government standing committee on Agriculture report, "The Path to Sustainable Agriculture," notes that farmers simply cannot bear the costs involved in a transition to more environmentally-sustaining farm practices, and that such a transition is essential if Canada's food security for the future is to be guaranteed.

Regulatory change should make this necessary transition a paramount objective in the interests of future food security.

CONCLUSION:

Regulations are only as good as the structures and programs put in place to ensure adequate monitoring and enforcement of those regulations...there is simply no way to avoid the fact that valued regulations do cost money. The National Farmers Union holds that a strong regulatory system represents a fundamental investment in Canada's long-term competitiveness. A deregulated Agri-food industry will increase the prosperity of neither farmers nor Canadians.

Regulations must achieve valued goals other than that of increasing market competitiveness and capital return to industry stake-holders. Regulations

must be justified first on ethical and social grounds, in terms of their contribution to the health and dignity of human life, animal welfare, the sustainability of social communities, and the protection and nurturing of the environment.

The National Farmers Union is convinced that there needs to be increased government financial support for regulatory inspection and grading programs. An increase in competitiveness cannot be assured otherwise. There needs to be more disease surveys, more diagnostic technology to monitor microorganisms, greater supervision of imported foods, and increased support to agencies such as the Canadian Grain Commission. As well, the government's long-standing promise to support supply-management must be accompanied by regulations that strengthen the marketing power of such single-desk selling agencies as the Canadian Wheat Board. These programs and agencies have been the backbone of Canadian agriculture. To eliminate or tamper with these programs will seriously damage our reputation as a reliable exporter of food products of unsurpassed quality.

We believe farmers should live with one another, not off one another, and are fundamentally opposed to government legislation which benefits other players in the economic food chain at the expense of family farms. Yet this is what has been allowed to happen to farming which in turn is affecting rural and urban Canadians alike. The time has come for a new direction.

Rather than deregulating through privatization, the government faces the responsibility and task of protecting the environment and ensuring future food security through regulatory intervention which encourages diversified farming instead of export-oriented monoculture.

This is an especially important role in the current climate where Canadian farmers are suffering horrendously from trade-distorting subsidies used by our trading partners to the south and across the ocean. Many services in the area of inspection and research are not regarded to be trade-distorting by our trading partners and should, therefore, be viewed by our government as a key means whereby

a well-regulated industry would benefit greatly from such government services and programs.

If the objective of regulatory reform is greater prosperity for the agri-food industry and the entire economy, then regulatory change must not impact negatively on farmers. If the end result is that more family farmers are pushed off the land, then such regulatory review will not bring greater prosperity, but rather, more of the same social ills and sufferings which are steadily on the increase within our society; abandoned farm houses in nearly abandoned rural communities; mounting numbers of unemployed people congregating in urban centres; a steady foreign takeover of Canadian industry and resources, the monopolization of control of the Canadian food system, displaced family farms and increasing prices to consumers.

Farmers are the backbone of the agricultural sector of the economy and form the very reason for the existence of vibrant rural communities. If farmers are not prospering on an individual level as a result of regulatory review, then the objective of increasing competitiveness and prosperity will not have been attained.

We would like to once again thank you for this opportunity and will conclude by saying that we hope that you have found some of the information and analysis convincing and urgent enough to significantly influence the recommendations you bring before government.

**All of Which is Respectfully
Submitted by:**

NATIONAL FARMERS UNION

